

To: CN=Nancy Stoner/OU=DC/O=USEPA/C=US@EPA;CN=Ken Kopocis/OU=DC/O=USEPA/C=US@EPA;CN=Bob Sussman/OU=DC/O=USEPA/C=US@EPA[]; N=Ken Kopocis/OU=DC/O=USEPA/C=US@EPA;CN=Bob Sussman/OU=DC/O=USEPA/C=US@EPA[]; N=Bob Sussman/OU=DC/O=USEPA/C=US@EPA[]
Cc: CN=MichaelE Scozzafava/OU=DC/O=USEPA/C=US@EPA[]
From: CN=Ann Campbell/OU=DC/O=USEPA/C=US
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1. ENERGY POLICY:

Issa prepares triple dose of political pain for Obama energy agenda

Elana Schor and Jean Chemnick, E&E reporters

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House Republicans aim to add new punch to their long-running battle against President Obama's energy agenda tomorrow at a pair of hearings that seek to compare his "rhetoric" on domestic fossil-fuel production with the "reality" on the ground.

Oil and natural gas will be well represented in the Oversight and Government Reform Committee's first hearing, where witnesses from the refining, extraction and state-level regulatory arenas are poised to paint a picture of burdensome U.S. EPA and Interior Department rules that Republicans blame for bringing down production on federal lands. The Obama administration's coal policies also are likely to draw fire, especially after presumptive GOP presidential nominee Mitt Romney seized on them yesterday in the swing state of Colorado.

"He's made it harder to get coal out of the ground; he's made it harder to get natural gas out of the ground; he's made it harder to get oil out of the ground," Romney said of Obama, kicking off an effort to meet the incumbent's attacks on his private equity career with a fresh round of criticism on energy (Greenwire, May 29).

The two hearings, under the formal title "Rhetoric vs. Reality: Does President Obama Really Support an 'All-of-the-Above' Energy Strategy?" come as Oversight and Government Reform Chairman Darrell Issa (R-Calif.), along with Sen. Jeff Sessions (R-Ala.) yesterday also demanded that Interior Secretary Ken Salazar provide details about six energy projects on federal lands that the Republicans claim received government loans due to Obama administration favoritism (see related story).

The quintet of witnesses set to appear before Issa's committee tomorrow -- one of two House panel chiefs who is pursuing high-profile probes of the Solyndra bankruptcy that Romney is bringing back to the fore -- are all likely to deliver an industry-friendly negative view of Obama's regulatory approach. American Fuel & Petrochemical Manufacturers Association President Charles Drevna, for one, has urged the administration to pull back on EPA rules that he warns could lead to financial struggles among refiners beyond those already seen this year in Pennsylvania.

The Keystone State's chief environmental regulator, Michael Krancer, is also in the lineup and positioned to continue the jabs he has thrown at EPA over its investigation into the effect of hydraulic fracturing on water quality in the town of Dimock (Greenwire, Jan. 26). That Pennsylvania town joins cases in Texas and Wyoming as flash points of tension between the agency and natural gas drillers who defend fracturing as safe.

But EPA is not the only corner of the administration that Issa's party is prepared to scrutinize tomorrow.

The Interior Department's proposed new regulations governing fracturing on federal lands are expected to face scrutiny as well from the Western Energy Alliance's Kathleen Sgamma, whose group lobbies on behalf of mountain state oil and gas interests.

Industry to air grievances on fracking regs

The Oversight and Government Reform Committee's second hearing tomorrow homes in on fracturing. It comes after EPA last month released a final rule that by 2015 will require all operations using that drilling tactic to use green completion technology to capture natural gas, cutting their emissions of volatile organic compounds and methane.

Methane is a greenhouse gas 21 times more potent than carbon dioxide, and environmentalists say that "fracking" operations have contributed to an international increase in global emissions of the gas in recent years. The use of green completions is therefore an essential part of keeping the greenhouse gas footprint of natural gas low, they say.

But the industry says EPA and environmentalists have overestimated the amount of heat-trapping emissions that are released when fracking operations flare their gas rather than trap it. And they say the agency has underestimated the cost of using green completions.

EPA estimates that renting the equipment would only cost around \$33,000 per well, a relatively trivial amount for a profitable industry. API puts that number at \$180,000 per well, though environmentalists argue that as it costs \$500,000 to buy the equipment in question, renting it at API's estimated price would not make sound financial sense (Greenwire, April 20, 2012).

The subcommittee hearing, titled "Assessing the Impact of New Federal Red Tape on Hydraulic Fracturing and American Energy Independence," will likely also touch on a proposed rule the Interior Department's Bureau of Land Management released earlier this month that would require drillers to disclose the chemicals used during the fracking process, strengthen well-bore requirements and address wastewater disposal (Greenwire May 9, 2012).

The committee says the hearing will look at how state and federal regulations for unconventional gas production interact.

Ann Campbell
Office of the Administrator
U.S. Environmental Protection Agency
Mail Code: 1101

P: (202) 566-1370
C: (202) 657-3117
F: (202) 501-1428